



# India Tax Department Raids Cryptocurrency Exchanges

1846 Views

December 13, 2017 by Akshay Makadiya — 0 Comments

**On Wednesday, December 13th, the Income Tax Department of India carried out investigation operations at top cryptocurrency exchanges around the country. The move from the government came from worries about tax evasion and money laundering.**

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The national crackdown started with “surveys” as per tax officers. The survey executes under Section 133A of the Income Tax Act.



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located at the immediate site of investigation.

The surveys were conducted on prominent bitcoin exchanges with administrative offices in Delhi, Bengaluru, Pune, Hyderabad, Gurugram, and Ghaziabad. This move from the nation's tax authorities comes after the Indian Bitcoin market grew tremendously over the past year. Zebpay, India's biggest crypto exchange, turnover grew from Rs 1,200 crores last year to Rs 10,000 crores this year alone.

This investigation marks the first-ever real legal action taken by the Indian government. Previously, the Reserve Bank of India has issued three different warnings about digital currency, cautioning bitcoin investors and owners to trade or deal in virtual currencies at their "own risk."

## Use of Bitcoin for Criminal Activities

As for regulations, the cryptocurrency market in India currently exists in a grey area, where no specific legal framework exists to regulate these digital currencies. As bitcoin transactions do not require any third-parties — such as banks — Indian authorities worry that it will allow criminals to use it for money laundering.

In March 2017, minister of state for finance Arjun Ram Meghwal said in a written reply in the Upper House of Parliament of India:

“ “The absence of counterparties in the usage of virtual currencies including Bitcoin, for illicit and illegal activities in anonymous/pseudonymous systems could subject the users to unintentional breaches of anti-money laundering and combating the financing of terrorism laws.”

## Bitcoin Trade Backed by India's Most Wanted Criminal?

According to a [Republic TV report](#), underworld kingpin Dawood Ibrahim has possible ties to India's bitcoin trade. The same report claims that the tax raids came as a reaction to the sudden spike in the bitcoin price.



The Indian government has formed two panels this year to study the current status of virtual currencies in India and around the world. The goal of these panels was to suggest ways to deal with cryptocurrencies in the country.

The Indian Income Tax Department believes vast sums of black money is stored under the face of these digital currencies, giving reason for concern about the massive growth in bitcoin investment in India during the last year. As such, the government stands firm in its decision to not recognize bitcoin as a legal tender. It seems previous warnings from the government are now turning into action.

***Does bitcoin have a future in India? Share your thoughts in the comments below.***

*Images via QZ, Republic TV*



Akshay is a founder of RankLane, a Digital Marketing Agency. Being an SEO consultant he loves to write and speak on Digital Marketing, Cryptocurrency and Latest Technologies. Hit him up on Twitter @axymak for a quick chat.

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